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CENTRAL INTELLIGENCE AGENCY

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INFORMATION REPORT

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SUBJECT Recent Developments in the
Soviet Oil Administration (SMV)

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SUPPLEMENT TO
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Matzen Fields

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1. To compensate for the production lost incurred by the recent explosion of Matzen well No. 3, the Soviets have made a second bore 20 meters from the burned out shaft. There are no pumps at the new shaft, but natural pressure forces from 80 to 100 tons of oil per day to the surface and from there to four large storage tanks approximately 40 meters distant. The oil is pumped from the storage tanks to the Prottes railroad station where it is loaded into tank cars. Meanwhile, the Rumpel firm is repairing well No. 3 and, [] the Soviets hope to retap it before 31 May 1949. Well No. 4 is now approximately 1,800 meters deep, and drilling continues despite the fact that it is estimated that the well will have a potential output of only 50 percent of well No. 3.* Drilling at well No. 5 is almost completed, and work on well No. 6 has begun.

Muehlberg Fields

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2. The Muehlberg fields are still considered of primary importance by the Soviets, and new wells are being drilled in this area. A deep well is now being drilled at a location halfway between the Matzen and Zistersdorf fields. The drilling has reached depth of 700 meters, and Soviet engineers hope to strike workable oil stratum at 3,000 meters. [] competition between the Muehlberg and Matzen fields for labor and equipment is increasing.

Zistersdorf and Matzen Production Figures

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3. [], during the month of April 1949, daily crude oil production in the Zistersdorf and Matzen fields averaged the following amounts.

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Muehlberg

Daily Production Totals in Metric Tons	
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<u>Field</u>	<u>Daily Production Totals in Metric Tons</u>
DEA II (Hauskirchen)	320
ITAG	160
E.P.G.	270
Rohoel A.G.	550
Matzen	80
Total	2,800 metric tons per day

Shipments of Seamless Piping

4. [redacted] a portion of the seamless piping, recently received at SDGP docks in Vienna from an unspecified Danube port, was CEM material which had been stored in the Rumanian oil field area. Between 21 and 23 May, three barges arrived at the SDGP docks loaded with an additional 900 tons of seamless piping which is to be stored in a section of the SMV central warehouse at Neusiedl located in the Dobermannsdorf stadium. The SMV is trying to sell the CEM pipe for 1.80 schillings per kilogram and, since transportation costs amounted to 10 groschen per kilogram, a clear profit of 1.70 schillings on each kilogram of piping would be realized.*** During the first week of May a total of 285 tons of drill and casing pipe from a CEM dump at Vitkovice, Czechoslovakia, arrived in Vienna and was shipped to Neusiedl. Shortly after the arrival of this shipment, an additional 1,000 tons of 6 5/8 inch piping was received at Dobermannsdorf from Chomutov, Czechoslovakia. Since 11 May similar shipments totalling 53 tons have been received from Taganrog, USSR, and a shipment of approximately 600 tons of drill pipe from Ismail, USSR, was scheduled to arrive in Vienna on 8 June for delivery to the SMV warehouse in Lobau. It is not known whether these shipments from the Soviet Union were CEM or Soviet-manufactured pipe. [redacted] several small shipments of piping were received recently in the Zistersdorf area which were marked with cyrillic characters and believed to be of Soviet origin.

SMV Allocation of Sulphuric Acid

5. The SMV Purchasing office is now primarily concerned with procurement of sulphuric acid from Donau Chemie. On 14 May, MITTELMANN, SMV purchasing official, directed that all sulphuric acid, salicylic acid, and caustic soda deliveries to the Korneuberg refinery and the "Okeros" refinery in Stockerau be stopped immediately. [redacted] an indication that production at these refineries may be curtailed in the near future. MITTELMANN also announced a considerable reduction in the amount of sulphuric acid allocated to the Shell and Vacuum refineries, the only refineries permitted to ship and sell their products outside the Soviet Zone of Austria. In the meantime, allocations of sulphuric acid to the Nova and Kledering refineries have been increased.**** During the latter part of 1948, the Nova refinery was allotted between 60 and 75 tons of sulphuric acid and the Kledering refinery between 15 and 20 tons of sulphuric acid every two months. Now between 200 and 280 tons are allocated to the Nova refinery and from the same period, to the Kledering refinery for the same period.*****

Dismantling and Sale of Stocks

6. During the first part of May 1949, the SMV formed a demolition unit which has been engaged in the destruction of high voltage electrical installations, buildings, and remaining foundations of dismantled units in the Moosbierbaum and Wiener Neudorf refineries. [redacted] a group of SMV employees who protested against the demolition of valuable installations were warned that any Austrian who opposed this work would be shot.*****

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7. MITTERMANN, Soviet purchasing and sales official, has ordered the immediate sale of stocks at the pipe warehouse in Lobau (Rohr Lager Lobau). *****
 this warehouse, which was partially dismantled during 1947 and 1948, is owned by French interests. Recently the SMV Kantgasse office ordered WOERLE, manager of the warehouse, to draw up documents showing that the precision steel pipe had been sold for 40 groschen per kilogram instead of the actual sale price of 2 schillings per kilogram, the Soviets intend to refer to these false documents in the event that the French claim compensation for the piping.

SMV Purchasing

8. The following is a list of the larger purchases made by the SMV Central Purchasing Office on Schottengasse during the period from 9 through 21 May 1949.

<u>Firm</u>	<u>Purchase</u>	<u>Payment in Schillings.</u>
Kellner & Kunz	Tools <i>Note</i> Auto spring steel	6,789.47
Boehler Gebr. & Co. A.G.	Auto spring steel	3,288.40
Eichler, Ewald	Fire fighting material	2,403.20
Kresse, Dr. Josef	Insulating bands	1,176.00
"Standard" Ges. fur Techn. Arbeits	Rubber V belts	6,766.32
Schaeffer & Budenberg	Pressure gauges	6,112.50
USIA	Tubing, Files , Sheet metal	60,768.38
Teudloff-Vamag	Valves	72,570.00
Mannesmann-Trautzl A.G.	Rotating cranks, drill heads and other drilling equipment	130,600.00
USIA	Valves	6,120.50
USIA	Reducers	6,669.81
"Chemia" Chemikalien G.m.b.H.	Trisodium phosphate, 18 percent	2,800.00
K.J. Baldauf	Construction material	76,668.94
Vida, Grosshandel-Import Export	<i>incandescent</i> Incandescent lamps	24,028.51
Plansee Metallwerke	[REDACTED]	28,850.00
"Canada" Tiefbohrgeräte und Maschinenfabrik G.m.b.H.	Pumps and equipment	145,969.00
Titan Feuerloeschapparate	Fire extinguishing equipment	24,750.00
Donau Chemie	Sulphuric acid	145,000.00
Kontinentale Eisenhandels G.m.b.H.	1050 kg. <i>of</i> gas pipe	5,317.77
Robert Nissl	100 cast armatures	10,656.00
"Chemia" Chemikalien G.m.b.H.	Caustic soda	26,800.00

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Firm	Purchase	Payment in Schillings
Logemann Ing. G. & Co.	2 lathe casings (Drehbankfutter)	4,080.00
Zentraltanklager Wifo	Oil products	35,867.39
Eisen-und Stahl A.G.	Flat iron	1,024.56
Rumpel, Siebenhirten	Repair work on drilling apparatus	79,966.01
Franz Wilde	Screws	3,125.30

9. The SMV headquarters in conjunction with the Austrian Communist Party are making a concerted effort to staff SMV units with reliable and efficient Communist employees and, [redacted] the KPOe section which recommends new Communist workers for employment is to be responsible for a worker's efficiency and conduct. Twenty workers and seven salaried employees at the Nova refinery and 40 workers and eight salaried workers at the Moosbierbaum refinery have been dismissed and replaced by Communist Party members. At the same time OROP has been ordered to hire those Communist employees released by various SMV [redacted] personnel reductions.

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[redacted] this piping from an unspecified Danube port

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[redacted] Comment: This price seems too low for usable seamless pipe and too high for scrap. It is possible that the stocks vary considerably in quality and are to be sold unsorted and ungraded.

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[redacted] Comment: The Kledering refinery was mentioned in [redacted] projects in which the Soviets are currently involved. It was reported that two new refining ovens were installed at the refinery. Although it is believed that these ovens are necessary replacements for worn-out equipment installed early in the war, it is another indication of Soviet interest in maintaining peak production at Nova.

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[redacted] Comment: This information on dismantling and demolition of installations at the Moosbierbaum and Wiener Neudorf refineries has not been confirmed by other sources.

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[redacted] Comment: [redacted]

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